

at least, what you have described. Let me...let me ask you about one more hypothetical, and then...I understand that this hypothetical doesn't necessarily directly have to do with this, but I'm just very interested in how this all operates and how it relates to a broader business picture. But if I were one of the five or six big companies, and these laws were in place, tell me why I wouldn't do this; if I had a whole lot of business around the entire country and I had a little bit in the state where I was domiciled, but, obviously, not nearly as much as I have in the other 49 states, and if I can get a lower tax in my domicile of Pennsylvania, if I can get them to drop the tax real low in Pennsylvania, that means, am I following this correctly, that would then mean that effectively that rate would be the rate for all my other business everywhere else in the United States?

SENATOR LANDIS: No.

SENATOR BEUTLER: Is that true or not?

SENATOR LANDIS: No.

SENATOR BEUTLER: No?

SENATOR LANDIS: You have got to turn the telescope around and look through it the other way. You are domiciled in this state. What the reciprocity statute does for you is this, and it won't do anything for your company, it will do something for your state. You are doing business in 50 states, and one state has a 1 percent, one state has a 2 percent tax. You are domiciled in the 1 percent state. Do you get to export that 1 percent rate to the state that has 2 percent? No. What happens is the 2 per...the 1 percent state doesn't get the export for its companies the 1 percent. But the reciprocity statute works in this way, if I am a state and I have my domiciliary set at 1 percent, and my company goes out of state and goes to a state that charges 2 percent, my company pays 2 percent in that state, but that state's companies doing business in my state don't pay 1 percent, they pay 2 percent. I will...the reciprocity is that they can't export low rates. I will get the benefit of their domiciliary rate if it is higher.

SENATOR BEUTLER: I see.

SENATOR LANDIS: And that's what has happened in Pennsylvania. Nebraska's corporate income tax rate is higher than